



SCHOOL EMPLOYER ADVISORY COMMITTEE MEETING

**February 4, 2009
09:30 to 12:00 noon
CalPERS
Sacramento**

MINUTES

CalPERS Staff:

Cindy Alameda, ERSD
Donna Beaumont, ERSD
Gwen Bridges, ERSD
Danny Brown, GOVA
Christine Campana, CSED
Cherise Canning, ERSD
Olivia Castro, ERSD
Kandy Cisco, ERSD
Eric Cole, INVO-SIP
Judi Collins, ERSD
Teresa Cox, MBSD
Jody Cozad, ERSD
Karen DeFrank, ERSD
Christina Forakis, PERT
Mary Gale, PERT
Felicia Goldwire, ERSD
Angel Gutierrez, ERSD
Njoni Gutierrez, ERSD
Karin Hadynski, BNSD
Tekara Hairston, ERSD
Tim Herrback, PERT
Dana Hlawaty, ERSD
Tom Holley, CSED
Rob Jarzombek, ERSD
Reuben Jimenez, EMHS

Carlous Johnson, ERSD
SalliAnne Maliguine,
ERSD
Kim Maness, EMHS
Terri McIntyre, EMHS
Marion Montez, ERSD
Chris Owen, ERSD
Andrea Patterson, EMHS
Karen Perez, BNSD
Marsha Poletti, ERSD
Keith Riddle, PERT
Katrina Rossow, EMHS
Sharen Scott, ERSD
Don Sherman, EMHS
Sylvia Stephens, PERT
Rhonda Townsend, ERSD

Advisory Committee Members:

Amy Adams
Rhiz Agcaoili
Laurie Barney
Tammy Britt
Vickie Chang
Veena Chaudhri
Ramona Coker

Carol Cook
Pam Darby
Paula Driscoll
Pam Fowler
Vickie Gilbert
Erika Hattfield
Catherine Hawes
Christina Helgeson
Judy Herzer
Tammie Knott
Heather Kurpiewski
Sherry Lack
Lisa Latt
Emilia Lawson
Debbie Ledford
Kelly Lee
Rudy Lopez
Dawn Maden
Frances Meraz
Janell Morris
Sharie Ortega
Sue Saputo
Christine Stappenback
Nancy Stoltenberg
Phi Tran
Choy Wong

INTRODUCTION

SalliAnne Maliguine, Assistant Division Chief of the Employer Services Division, welcomed everyone.

LEGISLATION UPDATE (PDF, 18 KB)

Danny Brown, Assistant Chief of the Office of Governmental Affairs, provided an update on legislation. He reported there has not been much new legislation due to the current budget crisis but discussed AB 65. He noted one item of interest:

- [AB 65 - Retired Public Employees Vision Care Program](#)

MY|CALPERS BUSINESS SYSTEM UPDATE (PDF, 108 KB)

Christina Forakis, Deputy Project Manager, Public Employer Readiness Team (PERT), gave a presentation on this topic. Keith Riddle, lead for the PERT Phase 2A, noted that the beta groups PERT is using include two County Offices of Education (COE's) – Contra Costa and Santa Clara.

There were many questions asked regarding PERT and the implementation of the new system:

How did CalPERS select the April 2010 implementation date and not July 2010 to fall in line with the new fiscal year?

The new technology piece that was added delayed the implementation date by 20 weeks. We were provided with feedback that said there is no ideal time to implement the new system. The longer the implementation of the new system is delayed, the more expensive it becomes, so CalPERS is implementing it as soon as it is ready to keep costs down.

Will there be a 4-6 month implementation period?

No, CalPERS will complete system cutover within a short window, culminating on the implementation date, which is April 19, 2010.

What about a planned phased implementation?

There will not be a phased implementation.

Is the PERT team considering doing a data clean-up before they implement the new system?

Yes, there is an effort underway to look at that to make sure the information is correct before it's entered into the new system.

Will the March 2010 file have to be in the new format (since the new system will be in place when its time to submit the data)?

Yes, so that means that employer systems need to be compliant before April 2010. That is why we have system checks set up to occur a minimum of three months in advance of the implementation date to make sure that all of your systems will be ready once our new system is in place. We are currently developing a cut-over process, meaning, when will we stop doing things the old way and start doing them the new way. At our August meeting we will have dates and strategies on how this will all take place.

SalliAnne noted that this discussion is similar to those we are having with other employers in Phase 2A to capture and learn their constraints.

RIGHT OF ELECTION UPDATE

Teresa Cox provided an update on Right of Election. CalPERS met with CalSTRS in November to work on scenarios in their matrix, which was handed out in the CalSTRS portion of the meeting after lunch. CalPERS hopes to have more meetings like this with CalSTRS and will provide school employers an update on any changes that may occur either by holding meetings or through eBulletins and emails.

Could you please clarify when an election is provided – is it when there is a new position or a new employer?

[Government Code 20309](#) has the necessary language and so does the [Education Code](#) to authorize the right of election. An election is provided for a person who is subsequently filling a new position. CalPERS considers the employer the County Office of Education (COE), and CalSTRS considers the employer the school district. For right of election, district to district changes qualify as employer changes (under CalSTRS).

Does a person have to qualify for membership to be eligible to elect?

If the employee is not offered the election (or did not elect) when they began a non-mandatory membership position (substitute) then they would become eligible to elect when they qualify for membership. CalPERS and CalSTRS differ in their interpretation of the law ([Government Code 20309](#)).

In the [minutes](#) (PDF, 38 KB) to the previous SEAC meeting, scenario 3 is still unclear. Can you clarify please?

A person with **less than 5 years** service credit with CalPERS works for a school and then has a break in service. If this person starts in a certificated position, this person is **NOT eligible** for CalPERS.

A person with **5 years or more** service credit with CalPERS works in a school and then has a break in service. If this person starts in a certificated position, then this person **IS eligible** for CalPERS.

What about substitute teachers?

CalPERS states that a substitute teacher is eligible to elect CalPERS when accepting a substitute position, but it is not mandatory that they join CalPERS. Please refer to the flow chart. CalPERS will work to update the [flow chart](#) (PDF, 1.57 MB) so that it provides more detail.

If a teacher elected CalPERS, then retired from and is receiving a retirement check from CalPERS, is that person subject to the 960 hour limit per fiscal year?

Yes. As a retiree, that person may work as a “retired annuitant” and not reinstate (come back from retirement). Retired annuitants are subject to the 960 hour limit per fiscal year.

Can they elect CalSTRS in the 2nd year of retirement as a non-retiree under the CalSTRS system?

Yes, if they want to elect CalSTRS, they may do so. They are just not allowed to elect CalPERS. They may retire from one system and belong to the other. If they elect CalPERS, however, they either need to reinstate (and no longer receive a pension from CalPERS) or they need to work as a “retired annuitant” and are then subject to the 960 hour limit per fiscal year. The publication [Join CalSTRS? Join CalPERS?](#) (PDF, 442 KB) will help you answer questions regarding CalPERS and CalSTRS elections.

[SUPPLEMENTAL INCOME PLAN PRESENTATION](#) (PDF, 167 KB)

Eric Cole, Account Manager in the Supplemental Income Plans Investment Office, talked to the group about CalPERS Supplemental Income Plans.

[HEALTH INVOICE RECONCILIATION](#) (PDF, 332 KB)

See also, [Health Circular Letter #600-061-08](#) (PDF, 37 KB)

OPEN DISCUSSION

Donna Beaumont, Manager of the Employer Education and Communications Service Unit, addressed the audience regarding an article that was recently published in the EdCal Newsletter and distributed by the Association of California School Administrators (ACSA). It reported that school employers can contract for the Partial Service Retirement program with CalPERS. This is not correct.

There is no provision for partial service retirement for school members. Reduced Worktime for Partial Service Retirement ([Government Code sections 21110 through 21120](#)) is available only to public agency, State Miscellaneous, or State Industrial members.

The CalPERS publication referenced in the article, [Partial Service Retirement, Publication 14](#) (PDF, 230 KB), provides additional information.

The EdCal editor has been contacted regarding this error. CalPERS has provided this information to provide clarification concerning this matter.

Marsha Poletti, Manager of the Employer Contact Center, addressed the group with news of the Paul McCauley Pension Reform Initiative. It is an initiative that would allow the State government and employers to negotiate to reduce benefits for current and future retirees. This initiative has not qualified for the ballot. CalPERS has no official comment at this time.

CALPERS CLOSURES DUE TO THE STATE FURLOUGH

At this time, CalPERS will be closed to members, employers, and the general public on the first and third Friday of each month through June 30, 2010 due to the Governor's furlough order. This means that there will be no Employer or Member Contact Centers or Regional Offices open for business. This remains a very fluid situation and is constantly changing. There are a lot of negotiations going on. However, your data is still due to CalPERS as previously scheduled. ACES is still up and we will address any issues on the back end.

Post Meeting Note: After March 6, 2009, CalPERS will no longer be closed.

IMPACT OF FURLOUGHS ON BENEFITS

In response to employer questions about implementing furloughs within their counties, SalliAnne briefly covered the impact of furloughs on benefits.

Compensation earnable is comprised of payrate and special compensation. A furlough does not change payrate, nor would it change special compensation in most instances when items of special compensation are paid as a flat dollar amount or a percentage of payrate. However, a furlough could reduce special compensation amounts that are paid as a factor of earnings (e.g., Reporting the Value of Employer

Paid Member Contributions). Therefore, in some cases final compensation could be reduced, but only for members with earnings-based special compensation whose highest 12 or 36 month period at retirement includes furlough time.

One year of service credit is granted for full time employment for any of the following: 10 months of service for persons employed on a monthly basis; 215 days of service for persons employed on a daily basis; or 1,720 hours of service for persons employed on an hourly basis. Part time members accrue a ratio of service credit rendered toward the criteria outlined.

Under a furlough plan, all members will accrue service at a slower rate during the fiscal year. However, since one year of service credit can be accrued in less than a year, full time members employed continuously throughout the fiscal year may be able to accrue a full year of service credit. For example, a full time member working continuously during a two day per month furlough plan would still earn a full year of service credit.

School members, working less than 40 hours per week, are considered part time and already accrue their service at a slower pace than 40 hour per week employees. Part time members would generally have a reduction to the overall amount of service credit accrued. The overall reduction will depend upon the percent of full time normally worked and the number of furlough hours.

Members with appointments of less than 12 months may see an impact. In addition, members who take a leave of absence, or are hired or separate from service during a furlough plan, may see a reduction to the overall amount of service credit accrued because of their slower accrual rate. Their service will be based on the ratio of service accrued up to the separation or leave date to the full time amount required.

If you have any questions about this or want to walk through a scenario for your employer, please contact our Employer Contact Center at **888 CalPERS (888-225-7377)**.

Are employees able to purchase the furloughed time?

No, there is no provision in the law that allows this.

Is there going to be a Circular Letter published that will explain all of this to employers?

We will note the request.

Post Meeting Note: CalPERS has issued [Circular Letter 200-016-09](#) (PDF, 22 KB) regarding Information on Furloughs

Regarding Golden Handshakes for schools, does the resolution (and window of eligibility stipulated by it) signed by the COE superintendent apply to all school districts in that county?

No, you may have multiple resolutions in a county all signed by the COE superintendent and having different windows of eligibility. More information on the Golden Handshake (also known as 2 years additional service credit) is available on our Web site www.calpers.ca.gov, in the [California Public Employees' Retirement Law](#) (PERL), [Government Section 20904](#), and in the [Procedures Manual](#).

Where can I find information on the rule that states 10 months of work equals one year of service credit?

This information is in Government Code 20962 and is in the [California Public Employees' Retirement Law](#) (PERL). We sent our employers a copy of the PERL at the beginning of the year. It is also available on our website or you may request another copy by calling our Employer Contact Center at **888 CalPERS (888 225-7377)**.

Annual Member Statements are typically available online; however, I noticed that some of them disappeared. Should I print them off or will they always be available online?

There was a problem with some of the data in the Annual Member Statements. We thought it was going to be a quick fix, so we pulled the information from ACES. But we learned that it was more complicated than we anticipated, so that is why the data was missing for so long. All data has been restored and you may view all Annual Member Statements online. You do not need to print them off.

AGENDA ITEMS FOR THE NEXT MEETING

- PERT Update
- Right of Election Update
- Legislative Update including McCauley Pension Reform Initiative Update
- Golden Handshake Presentation
- Pre-Retired Death Benefits

Adjourned: 12:00 pm